

AGENCY: Department of Natural Resources

LFB PAPER #: 1205

ISSUE: Urban Forestry Grant Program Expansion

ALTERNATIVE: ~~Alt 1~~ Alt 2 - preston Cole

SUMMARY:

Due to an error in drafting Act 16, an expansion of eligibility for urban forestry grants to towns, counties and non-profits was enacted.

Alternative 1 deletes this expansion to restore the legislative intent to limit grant eligibility to cities and villages.

Increasing eligibility would increase demand for limited program funds and takes away the original intent of an "urban" forestry program. Also, towns, counties & non-profits are eligible for grants from the feds US Forestry Department.

BY: Cindy



Legislative Fiscal Bureau

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February 27, 2002

Joint Committee on Finance

Paper #1205

Urban Forestry Grant Program Expansion (DNR)

BACKGROUND

2001 Act 16 (the 2001-03 biennial budget bill) contains an error regarding the urban forestry grant program. Urban forestry grants are for up to 50% of the cost of tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluations, public education concerning trees in urban areas, and other tree projects. Under DNR administrative rule, the minimum grant is \$1,000 and the maximum is \$25,000. Prior to the passage of 2001 Act 16, only cities and villages were eligible to receive state-funded grants under this program (which was funded from the forestry account of the conservation fund at a base level of \$529,900 annually).

In his 2001-03 budget bill, the Governor included a provision expanding eligibility for urban forestry grants to counties, towns, and non-profit organizations. The Joint Committee on Finance included this provision in the substitute amendment that was sent to both houses of the Legislature. The Senate proposed deleting the expansion of eligibility, a decision that was included in the Conference Committee's final budget agreement. Further, funding for the grant program was increased by \$200,000 SEG in 2001-02 relating to a number legislative earmarks of funding under the program (for Greening Milwaukee, which was item vetoed by the Governor, and for Winnebago, Outagamie and Burnett Counties).

However, due to an error, the provision expanding eligibility for urban forestry grants to towns, counties, and non-profit organizations was not removed from the bill prior to passage. This provision would need to be deleted from the statutes to restore the legislative intent to limit grant eligibility to cities and villages (the law as it existed prior to Act 16).

DISCUSSION POINTS

1. In addition to the forestry SEG available annually for urban forestry grants, DNR indicates that it makes additional federal funding (provided under a grant from the United States Forest Service) available. In fiscal year 2000-01, \$87,800 in federal funding was available for grants (\$617,700 in total, including \$529,900 in forestry SEG). DNR received 77 applications requesting a total of \$887,700 in funding. Of these, 55 applications (71%) were funded, and all funds were committed.

2. Under 2001 Act 16, funding available for the urban forestry grant program was increased by \$200,000 in 2001-02 increase state funding available for grants to \$729,900. Of the funds available in 2001-02, \$100,000 was earmarked by the Legislature for Burnett (\$25,000), Winnebago (\$37,500), and Outagamie (\$37,500) counties for tree planting efforts.

3. In 2001-02, \$66,900 in federal funding was available for grants (\$696,800 in total, including \$629,900 in forestry SEG). The Department received 73 applications requesting a total of \$871,400 in funding. Of these, 58 applications (79%) were funded, and all funds were committed. The size of grants ranged from the minimum of \$1,000 to the City of Rice Lake to eight entities each receiving the maximum allowable grant amount of \$25,000 (Villages of Siren and Butler; Cities of Appleton, Oshkosh, and New Berlin; Jefferson County, Global Action Plan for the Earth, and the 16th Street Community Health Center).

4. Since it is not restricted from funding other groups with available federal monies, DNR indicates that prior to Act 16 it funded grant requests from counties, towns, and non-profit organizations with federal funds. However, the Department was limited to meeting requests from these groups with funding available from the United States Forest Service. In 2000-01, DNR received 22 grant applications from counties, towns, and non-profit organizations requesting \$253,100. The Department argued that expanding eligibility to including counties, towns, and non-profit organizations would streamline the grant process. In addition, the expanded eligibility has arguably improved the competitive nature of the grant process – applications may be funded based entirely on program criteria, allowing towns and counties to compete evenly with cities and villages.

5. However, it may be argued that as an "urban" forestry grant program, the state support should be allocated to cities and villages. Further, since the forestry mill tax, a state-wide property tax of 20 cents per \$1,000 of property value, is the primary source of revenue to the forestry account (\$57.3 million in 2000-01) some argue that the urban forestry program is one of the few forestry programs that returns a portion of those funds directly to urban communities that pay the mill tax. Also, expanding eligibility to counties, towns, and non-profit organizations increases demand for limited program funds.

6. In 2001-02, 44 cities and villages received grants totaling \$472,300 (68% of available funds). Fourteen towns, counties, and nonprofit organizations (which under prior law would have been eligible to share \$66,900 in 2001-02) received grants totaling \$224,500 (32%). In 2001-02 federal funds comprised almost 10% of funds available for grants.

ALTERNATIVES TO BILL

1. Delete the eligibility expansion included in error in Act 16, for counties, towns, and non-profit organizations (only cities and villages would be eligible for state funds, with counties, towns, and non-profit organizations eligible for federal funding) under the urban forestry grant program.

2. Maintain current law.

Prepared by: Rebecca Hotynski

MO# 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A

GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

AGENCY: Department of Natural Resources

LFB PAPER #: 1206

ISSUE: Stewardship Program Debt Retirement Payments

ALTERNATIVE: Alt. 1

SUMMARY:

Provides \$4 million forestry account SEG in '02-03 to restore the legislative intent in Act 16 on how stewardship program debt service is to be paid. This saves \$4 million GPR.

BY: Cindy



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February 27, 2002

Joint Committee on Finance

Paper #1206

Stewardship Program Debt Retirement Payments (DNR)

BACKGROUND

The Department of Natural Resources' forestry functions were left largely unfunded as a result of the Governor's partial veto of 2001 Act 16, (the biennial budget act) related to the creation of a separate Department of Forestry. The Governor's partial veto of the biennial budget provisions that would have created a new Department of Forestry deleted language that would have restructured DNR's Division of Forestry and shifted its functions to a new department. In addition, the veto deleted new appropriations created in the bill during the second year of the biennium to provide funding for the activities of the new department. As the existing 2002-03 appropriations for DNR forestry operations were deleted under the bill (with the funding and position authority being transferred to the Department of Forestry), no funds were appropriated in the bill for the operation of the Division of Forestry within DNR during the second year of the biennium. However, as a result of the veto the DNR appropriations remain in statute.

DISCUSSION POINTS

1. Under the Governor's partial veto, an appropriation of \$4 million SEG from the forestry account on a one-time basis in 2002-03 to pay debt service on stewardship program bonds was deleted. As passed by the Legislature, this appropriation would have offset an identical amount of GPR that would otherwise be required for stewardship debt service. Therefore, as a result of this veto, stewardship program debt service paid from the GPR sum sufficient was increased by a corresponding \$4 million.

2. Providing \$4 million forestry account SEG in 2002-03 would restore the intent of the 2002-03 biennial budget bill and save a corresponding amount of GPR. It should be noted that AB 790 has been introduced to restore remaining forestry related funding to DNR.

ALTERNATIVES TO BILL

1. Provide \$4,000,000 forestry SEG in 2002-03 only, to replace an equal amount of GPR for stewardship debt service payments (as included in the 2001-03 biennial budget as passed by the Legislature).

<u>Alternative 1</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
2001-03 FUNDING	- \$4,000,000	\$4,000,000	\$0

2. Maintain current law.

Prepared by: Daryl Hinz and Rebecca Hotynski

MO# 1

BURKE	(Y)	N	A
DECKER	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
WIRCH	(Y)	N	A
DARLING	(Y)	N	A
ROSENZWEIG	(Y)	N	A

②

GARD	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	(Y)	N	A
COGGS	(Y)	N	A

AYE 16 NO 0 ABS

AGENCY: DNR

LFB PAPER #: 1207

ISSUE: Aids in Lieu of Taxes

ALTERNATIVE: 2

SUMMARY:

1 good

Maintains current formula for determining aids in lieu of taxes. See paragraphs 23 & 24 on page 7 & 8.

BY: Cindy



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February 27, 2002

Joint Committee on Finance

Paper #1207

Aids in Lieu of Taxes (DNR)

CURRENT LAW

Since 1992, when DNR acquires land, the Department pays aids in lieu of property taxes on the land to the city, village or town in which the land is located in an amount equal to the tax that would be due on the estimated value of the property at the time it was purchased (generally the purchase price), adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. The municipality then pays each taxing jurisdiction (including the county and school district) a proportionate share of the payment, based on its levy.

Aids in lieu payments are made from a sum sufficient, GPR appropriation.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The 1999-01 biennial budget act (1999 Act 9) provided \$460 million in bonding for a ten-year reauthorization of the Warren Knowles-Gaylord Nelson stewardship program beginning in 2000-01 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The annual bonding authority under the program was \$46 million, ending in fiscal year 2009-10. Of the annual authority, \$34.5 million in 2001-02 is allocated to general land acquisition for conservation and recreation purposes.

2. The 2001-03 biennial budget (2001 Act 16) increased the overall bonding authority to \$572 million and the annual bonding allocation from \$46 million to \$60 million beginning in 2002-03 (with \$45 million each year available for the land acquisition subprogram and \$15 million

available for property development and local assistance subprogram).

3. The Department of Natural Resources has a variety of options with respect to land acquisition under the Stewardship 2000 program. It may purchase the land outright using funds allocated for that purpose. The Department may also purchase conservation easements on property, essentially buying certain rights from the landowner. These rights are typically purchased in perpetuity – the landowner may sell the property, but the conditions of the easement are attached to the deed. Easements can include (but are not limited to) public access rights for hunting and fishing, rights-of-way for trails, and development restrictions for ecologically valuable property. The DNR may also provide matching grants to non-profit conservation organizations (NCOs) or units of local government to acquire land. Any land acquired with the help of stewardship dollars may not be converted to uses inconsistent with uses approved by DNR.

4. There are advantages and disadvantages to the Department in each of these cases. When the DNR purchases land directly with stewardship funds, it has greater control over the long-term management of, and public access to, the property. This is especially beneficial when wildlife or plant populations are key factors in the property's conservation value. Department-owned property can be managed to promote animal or plant population goals, including controlled burning or species protection. Some drawbacks of this approach include the responsibility for ongoing maintenance and management of the property, and the obligation to make payments in lieu of property taxes to local taxing districts. The purchase of an easement on a property is limited to the specific rights or benefits of the easement, making overall property or species management difficult. However, with the purchase of an easement, the responsibility for payment of property taxes and most of the costs of maintaining the property remain with the landowner.

5. When the land is purchased for conservation purposes by a non-profit conservation organization or local unit of government, the Department's contribution is limited to not more than 50% of the land's current fair market value plus other acquisition costs as determined by administrative rule. The fifty percent match requirement is a powerful acquisition tool – it encourages external contributions and (in effect) doubles the amount of land that the Department is able to protect from development for a given amount of money. At the same time, since it does not hold ownership, the DNR is not responsible for payments in lieu of taxes on this property. In both the case of purchase by a local unit of government and purchase by a non-profit conservation organization, the property would cease to be taxed. The disadvantage to the Department is the loss of direct control over the property. Any management for conservation purposes must be accomplished either directly by or with the cooperation of the new landowner. This can, in some cases, make it more difficult for the Department to achieve its management objectives.

6. Finally, DNR occasionally purchases land from non-profit conservation organizations (such as the Nature Conservancy or Trout Unlimited) for inclusion in a state project. Under this circumstance, a parcel that produced no tax revenue under its prior ownership would generate aids in lieu of property tax payments under DNR ownership.

7. DNR provides aids to cities, villages, or towns in lieu of property taxes for DNR-

owned land within each municipality. Payments vary depending on when land was purchased. The aid payment for land purchased prior to July 1, 1969, is 80¢ per acre. For land purchased after July 1, 1969 but prior to December 31, 1991, payments are based on the statewide average property tax rate for municipal, county, and school taxes for the tax year after purchase applied to the land's assessed value. For this category of land, each year after the initial year the payment is reduced by 10% of the first year amount until the greater of 10% or a payment of 50¢ per acre is reached in the tenth and subsequent years. Land purchased beginning in 1992 is subject to current regulations for the determination of aids in lieu of taxes payments.

8. Land purchased by the DNR is exempt from property taxes under the property tax exemption for state-owned property. However, land acquired by the DNR beginning in 1992 is subject to a state payment in-lieu of property taxes made from a sum-sufficient GPR appropriation. Those payments are calculated under a tax equivalency formula intended to compensate local governments for the taxes that would be paid on the property if it were taxable. Total payments are calculated by multiplying the property's estimated value by a mill rate. The estimated value is generally based on the property's purchase price. Each year, that value is adjusted, based on the percentage change in equalized value of other unimproved real property in the municipality where the property is located, as determined by the Department of Revenue. The mill rate used in the calculation is the current tax rate for all purposes, net of state tax credits, that is applied in the municipality where the property is located. The municipality receiving the payment is required to share it with overlying local governments, such as the school district, county and technical college district.

9. The following table shows GPR aids in lieu of property taxes payments made by the state to local units of government over the last five fiscal years.

TABLE 1

<u>Fiscal Year</u>	<u>Aids in Lieu Payment</u>
1996-97	\$1,735,600
1997-98	1,873,000
1998-99	2,374,200
1999-00	2,537,900
2000-01	3,393,500

10. Although this formula is intended to produce a state payment that is equivalent to what is paid in property taxes, in practice, state payments typically exceed the property taxes that would have been paid on the property because the purchase price of conservation land has routinely exceeded the property's assessed value. In October of 2000, the Legislative Audit Bureau (LAB) released an evaluation of the Warren Knowles-Gaylord Nelson Stewardship program. The report found that within a sample of 74 property acquisition grants, the average appraised value per acre of the property was more than double (120% greater) than the average assessed value per acre. When adjustments were made to make comparisons on a per-property rather than a per acre basis, the average difference increased to 305%. The Legislative Audit Bureau noted that the sample was

specifically selected to include large grants. Since it was not a random sample, the result could not be projected to all grants. While these wide discrepancies in appraised and assessed valuations have raised questions by some about the fair market value of stewardship properties, the report also notes that infrequent updates in assessed values also raise questions about fairness in local property taxes.

11. When acquiring land with stewardship funds, DNR generally hires private real estate appraisers to determine the fair market value of prospective land purchases. A large disparity between assessed and appraised value may result from local assessors significantly undervaluing all property, not having updated assessments or as a result of local land use policies. Assessors and appraisers generally determine the value of property based on the property's highest and best use, which is that use which will produce the greatest net return to the property owner over a reasonable period of time. Commonly-accepted definitions of highest and best use utilized by appraisers generally take into account four different factors when making the determination: physical possibility, (taking into account the size, terrain, soil composition and utility availability for the parcel that may limit the use of the land); legal permissibility, (including applicable zoning regulations, building codes, deed restrictions, historic district controls and environmental regulations); financial feasibility, (meaning any use that produces a positive rate of return based on the characteristics of the property); and maximum productivity, (under which no other use of the land would provide a greater net return to the owner based on land costs, physical characteristics, legal constraints and the economic characteristics of the surrounding area).

12. For a particular piece of property, there may be some difference of opinion among those doing the property valuation relating to any of these factors. The physically possible uses of the parcel, for example, would be influenced by the proximity of a sewer line to the parcel. The legally permissible uses of a parcel of land could be affected by current zoning designations and a particular municipality's history of approving zoning changes that affect the ability of land in the municipality to be developed. In these cases, assessors and appraisers (and potential buyers) must make certain assumptions related to these factors to be able to determine a value for the property.

13. Providing less than the fair market value for land could be considered a taking without just compensation in violation of the Fifth and Fourteenth Amendment to the U.S. Constitution. Further, under Wisconsin Statutes s. 32.09(5)(b), any increase or decrease in the fair market value of a property caused by any public improvement for which property is acquired, or the likelihood that the property would be acquired for such an improvement, may not be taken into account in determining just compensation for the property.

14. A number of purchases that have come before the Joint Committee on Finance for review have involved parcels of land proposed for acquisition where the appraised value was significantly greater than the assessed value. Assessed value is the value placed on a property by the local unit of government for property tax purposes. Most assessors value property at some fraction of market value, despite a statutory requirement that property be assessed at full value. A series of court cases, dating back to the nineteenth century, has interpreted statutes to allow assessed values at a fraction of market value, provided the same fraction applies to all property in the taxation district. As a result, local assessors can assess property at a level below market value without violating the

state constitution's requirement of uniform taxation.

15. Provisions of 2001 Act 16 required DNR to provide the appraisals of any property acquired under the stewardship program to the clerk and the assessor of the local unit of government where the property is located within 30 days of acquiring the property. In addition, assessors are directed to include the information in the appraisal (including comparable sales) when setting land values. This provision is intended to encourage local assessors to bring local assessed property values more in line with market value.

16. If open space that could be preserved is likely to otherwise be developed, it is often within the power of localities to zone the land in such a way as to maintain it in a relatively undeveloped state, if that is the preferred local option. In addition, a significant contributor to the rapidly escalating value of some properties may be a municipality's history of rezoning agricultural or open space land to allow residential or commercial development. The power of zoning as a tool for land preservation, however, is limited by the willingness of the locality to maintain land in an undeveloped state. Further, zoning ordinances must allow a reasonable use of the property by the owner to avoid a taking of private property for public use.

17. To the extent that the purchase price paid by DNR for land is based on appraised values and to the extent that appraised values exceed assessed values, the resulting aids in lieu payments made under state ownership of land may be greater than the property taxes that would be paid if the property remained under private ownership. Further, in some cases lands purchased by the state were fully or partially exempted from property taxation before purchase (such as managed forest lands, railroad rights-of-way or properties owned by certain tax-exempt corporations).

18. When the DNR property being purchased (a) is exempt from local property taxes (such as when owned by certain nonprofits or public utilities), (b) is subject to preferential tax treatment (such as under the managed forest law or agricultural use value), or (c) has a purchase price that exceeds the local assessed value, transferring the property to DNR results in a net gain in revenues for the affected local governments. Further, the location of tax-exempt property causes tax base sensitive state aids to be shifted between local governments. These aids include general school aids and the aidable revenues component of shared revenue, which is paid to counties and municipalities. These aid programs employ distribution formulas based on the policy of tax base equalization. This policy allows local governments with the same level of per student or per capita expenditures to have identical tax rates, regardless of their differences in tax base. When land becomes tax-exempt due to its purchase by the state, a local government or a conservation organization, state aid is shifted to the local governments that experience the tax base loss. Although this policy should result in local tax rates remaining unchanged, each aid program contains features that delay or distort the complete effects of the aid shift. An example would be the maximum constraint provision of the shared revenue program, which "caps" the percentage increase that a county or municipality can receive in any year.

19. The following table compares the estimated aids in lieu payment due on a range of properties acquired by DNR under the stewardship program to the amount paid in taxes for the year

prior to the state acquiring the property. Examples were selected based on an August, 2001 expiration date of the state's option to purchase. In some cases, properties benefited from use value assessment, which would result in a lower than expected tax bill in the previous year. In cases where the property acquired was a fraction of a larger parcel, the tax attributed to the smaller parcel is estimated.

TABLE 2
Selected 2001 State Land Purchases

<u>Property Category</u>	<u>County</u>	<u>Purchase Price</u>	<u>2000 Taxes</u>	<u>Aids in Lieu Estimation*</u>	<u>Change</u>
North Fish Creek Fishing Area	Bayfield	\$40,000	\$130	\$845	550%
South Shore Lake Superior Fish and Wildlife Area	Bayfield	30,000	254	662	161
Statewide Natural Area	Buffalo	260,100	2,400	6,240	160
Ludwig Woods Natural Area	Calumet	43,000	68	832	1,124
Statewide Natural Area	Calumet	28,500	167	551	230
Chippewa Moraine State Recreation Area	Chippewa	26,000	418	463	11
Tom Lawin Wildlife Area	Chippewa	130,000	308	1,963	537
Kickapoo Wildlife Area	Crawford	345,000	1,675	7,887	371
Rush Creek State Natural Area	Crawford	57,000	869	1,320	52
Statewide Natural Area	Crawford	400,000	37**	9500	25,576
Ice Age Trail	Dane	557,460	2,400	11,300	371
North County Trail	Douglas	28,000	65	415	539
Statewide Natural Area	Green Lake	64,500	806	1,195	48
White River Wildlife Area	Green Lake	18,000	109	325	198
Governor Dodge State Park	Iowa	335,000	3,375	8,499	152
Streambank Protection	Iowa	100,000	977	2,537	160
Waterloo Wildlife Area	Jefferson	30,400	96	582	506
Newwood Wildlife Area	Lincoln	198,000	237	3,683	1,454
Statewide Spring Ponds	Marathon	6,000	51	119	132
Lower Chippewa State Natural Area	Pepin	308,275	5,460	7,765	42
Nine Mile Island State Natural Area	Pepin	280,000	1,715	5,508	221
Western Prairie Habitat Restoration Area	Polk	288,000	1,400	5,011	258
Dewey Marsh Wildlife Area	Portage	26,700	360	473	31
Paul Olson Wildlife Area	Portage	135,200	964	2,373	146
Willow Creek Fishing Area	Richland	57,800	770	1,400	82
Navarino Wildlife Area	Shawano	11,710	216	228	6
Onion River Streambank Protection	Sheboygan	615,000	4,100	9,900	141
Western Prairie Habitat Restoration Area	St. Croix	374,500	3,075	5,917	92
Kettle Moraine State Forest	Waukesha	569,913	1,100	11,300	927
Statewide Habitat Areas	Waupaca	126,000	1,026	2,727	166
Glacial Habitat Area	Winnebago	252,000	1,286	5,133	299
Rat River Wildlife Area	Winnebago	56,700	310	987	218
Total		\$5,798,758	\$36,224	\$117,640	225%

*Aids in lieu estimation is calculated using the purchase price multiplied by the effective tax rate of the taxing district for 2000.

**Property enrolled in forest crop law.

20. In most cases, the aids in lieu payment to municipalities greatly exceeds revenues previously generated by property taxes. The Department indicates that the current formula has led to a reduction in the number of local objections to state acquisition of land. However, it may be argued that the intent of the formula was to establish a fair level of compensation, rather than to create a financial incentive, for municipalities to cooperate with state land acquisition.

21. The current aids in lieu formula is calculated by multiplying the estimated value of the property (generally the purchase price) by the effective tax rate of the taxation district, and is adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. It may be argued that if the goal is to compensate municipalities for lost tax revenue, that the formula should be modified to instead define the estimated value as the equalized assessed value of the property in the year prior to purchase by the state or the purchase price, whichever is less. In cases where the property had previously been tax exempt, the last recorded equalized assessed value could be used, or a payment of \$1 per acre would be made (such as in a case where a historical assessed value could not be determined), whichever amount was greater. The amount determined under this revised formula could then continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district. This formula would provide local governments with an amount approximating the lost level of tax revenue. Such a formula could more closely meet the state goal of protecting local governments from a loss in property tax revenues. However, even under this formula, in some cases (such as for previously tax-exempt land or when the property has been enrolled under the managed forest law program), payments in lieu of property taxes would increase over what the taxation district had been receiving previously. Although, in these cases other additional payments (such as a portion of the timber harvest revenue for MFL property) would be lost.

22. The fiscal effect of this formula change would depend on how much the equalized assessed values for the area where DNR purchases land varies from the market value. If property purchased is within a taxation district where property values are assessed at a fraction of market value (or where assessments are substantially out of date), the aids in lieu payment would be considerably less than if it were calculated using the appraised value of the property (which should reflect fair market value). As previously mentioned, the sample analyzed by LAB indicated that, on average, appraised values were two to four times higher than assessed values. For the 32 properties shown in Table 2, aids in lieu of property tax payments would more than triple the tax revenues previously received by local taxation districts. Neither the LAB sample nor Table 2 constitutes a random sample, so the results cannot be reliably generalized across all cases in order to precisely predict the level of savings that the state would experience. However, both the LAB and LFB selected samples would indicate that it would be reasonable to expect that GPR payments of aids in lieu of taxes would be reduced by more than one-half for lands purchased after the effective date of the provision.

23. Alternatively, it may be argued that current property tax relief programs (such as agricultural land under use value assessment) provide an incentive for land owners to engage in desirable land use practices. Adjusting the aids in lieu formula in this manner would maintain local revenues at the same level while potentially limiting the previously targeted benefit (the

NATURAL RESOURCES

Aids in Lieu of Property Taxes

[LFB Paper #1207]

Motion:

Move to specify that for lands purchased after December 31, 1991, the current aids in lieu of property taxes formula would be adjusted to define the estimated value of the property to mean the lower of the equalized assessed value of the property in the year prior to purchase by the Department or the purchase price. In cases where the property in the year had previously been tax exempt, the last recorded equalized assessed value would be used, or a payment of \$1 per acre would be made, whichever amount was greater. The amount determined under this formula would continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district.

Note:

This would modify the current aids in lieu of property taxes formula to be retroactive to the original enactment of the formula. The Department would be required to determine the equalized assessed value for properties purchased after December 31, 1991, and adjust those values by the change in the equalized valuation of unimproved land within the taxation district for each year since it was purchased by the state to obtain a current value for the determination of aids in lieu of property tax payments. It is anticipated that this would reduce aids in lieu of property tax payments by at least one-half in the second year of the biennium. Aids in lieu of property taxes are paid from a sum-sufficient GPR appropriation currently estimated at \$4.2 million for 2002-03.

[Change to Bill: -\$2.1 million GPR]

MO# 175

BURKE	Y	(N)	A
DECKER	Y	(N)	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
WIRCH	Y	(N)	A
DARLING	Y	(N)	A
ROSENZWEIG	Y	(N)	A

GARD	Y	(N)	A
KAUFERT	Y	(N)	A
(8) ALBERS	(Y)	(N)	A
(8) DUFF	(Y)	(N)	A
WARD	(Y)	(N)	A
HUEBSCH	Y	(N)	A
HUBER	Y	(N)	A
COGGS	Y	(N)	A

AYE 3 NO 13 ABS

AGENCY: Department of Natural Resources

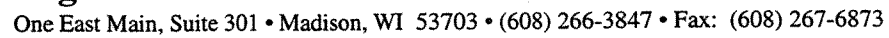
LFB PAPER #: 1208

ISSUE: Supplemental Title Fee Matching Reestimate

ALTERNATIVE: Approve the Modification

SUMMARY:

BY: Nicole



Paper #1208

Supplemental Title Fee Matching Reestimate (DNR)

CURRENT LAW

Under 1997 Act 27, a \$7.50 automobile title transfer fee is deposited to the transportation fund and general fund revenues in an amount equal to the annual title transfer fee revenues are deposited to the segregated nonpoint account of the environmental fund in the following fiscal year. The supplemental title fee matching GPR sum sufficient appropriation is estimated at \$11,002,800 in 2001-02.

GOVERNOR

No provision.

MODIFICATION TO BILL

Reestimate the supplemental title fee matching GPR sum sufficient appropriation at \$10,940,600 in 2001-02 to reflect the actual amount transferred.

<u>Modification</u>	<u>GPR</u>
2001-03 FUNDING	- \$62,200

Prepared by: David Schug

[illegible]

MO#	NAME	Y	N	A
131	BURKE	Y	N	A
	DECKER	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	ROSENZWEIG	Y	N	A
132	GARD	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
	DUFF	Y	N	A
	WARD	Y	N	A
	HUEBSCH	Y	N	A
	HUBER	Y	N	A
	COGGS	Y	N	A

NATURAL RESOURCES

Plover River

Motion:

Move to require DNR to provide \$250,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 program to acquire conservation easements along the Plover River in Marathon and Portage Counties.

Note:

Under current law, \$46 million in general obligation bonding authority is available in 2001-02 under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, \$7.25 million of the \$34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving \$19 million available for DNR land acquisition (after \$8.3 million is set aside to account for the \$25 million Great Addition purchase in 1999). Of the 11.5 million available for property development and local assistance, \$4.5 million would be allocated for property development, and \$7 million for local assistance grants. In 2002-03, \$60 million in general obligation bonding authority will be available.

In statute, priorities for land acquisition under Stewardship 2000 are: (a) acquisition of land that preserves or enhances the state's water resources, including land in and for the Lower Wisconsin State Riverway and land abutting wild rivers, wild lakes, and land along the shores of the Great Lakes; (b) acquisition of land for the stream bank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the middle Kettle Moraine.

This motion would restore a stewardship earmark contained in the budget bill as passed by the Legislature and subsequently item vetoed by the Governor under 2001 Act 16.

MO#

241

② BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
① SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS

DEPARTMENT OF NATURAL RESOURCES

Dam Inspection and Safety Program

Motion:

Move to, effective July 1, 2002, eliminate statutory provisions that require DNR to inspect each large dam which is maintained or operated in or across navigable waters every ten years. Instead, require public and private owners of dams to have the dam inspected every ten years by a private engineering firm from a list of Department-approved inspectors. Require the owner to submit a record of the inspection to DNR within six months after the inspection. Specify that dam inspections performed by DNR prior to July 1, 2002, qualify under the ten-year requirement.

Delete \$199,000 GPR in 2002-03 to delete 3.5 positions related to dam inspections.

Note:

[Change to Bill: -\$199,000 GPR and -3.50 GPR positions]

MO# 114

BURKE	Y	<u>N</u>	A
DECKER	Y	<u>N</u>	A
MOORE	Y	<u>N</u>	A
SHIBILSKI	Y	<u>N</u>	A
PLACHE	Y	<u>N</u>	A
WIRCH	Y	<u>N</u>	A
DARLING	<u>Y</u>	N	A
ROSENZWEIG	<u>Y</u>	N	A
<u>2</u> GARD	<u>Y</u>	N	A
KAUFERT	<u>Y</u>	N	A
<u>1</u> ALBERS	<u>Y</u>	N	A
DUFF	<u>Y</u>	N	A
WARD	<u>Y</u>	N	A
HUEBSCH	<u>Y</u>	N	A
HUBER	Y	<u>N</u>	A
COGGS	Y	<u>N</u>	A

DEPARTMENT OF NATURAL RESOURCES

Wisconsin Humane Society Rehabilitation Center

Motion:

Move to require DNR to provide \$500,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 program to the Wisconsin Humane Society in Milwaukee for the development of an outdoor wildlife rehabilitation center. Specify that funds may be provided from either the land acquisition or the property development and local assistance subprogram.

Note:

Under current law, \$46 million in general obligation bonding authority is available in 2001-02 under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, \$7.25 million of the \$34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving \$19 million available for DNR land acquisition (after \$8.3 million is set aside to account for the \$25 million Great Addition purchase in 1999). Of the 11.5 million available for property development and local assistance, \$4.5 million would be allocated for property development, and \$7 million for local assistance grants. In 2002-03, \$60 million in general obligation bonding authority will be available.

The wildlife rehabilitation center represents a portion of a larger relocation and expansion plan for the Wisconsin Humane Society of Milwaukee (estimated at \$8.5 million). The remaining \$8 million in estimated project costs for building expansion and relocation would be funded through private donations. The \$500,000 would be used to develop a suitable site for wildlife rehabilitation purposes.

MO# 118

BURKE	(Y)	N	A
DECKER	Y	(N)	A
MOORE	(Y)	N	A
SHIBILSKI	Y	(N)	A
PLACHE	(Y)	N	A
WIRCH	(Y)	N	A
(1) DARLING	(Y)	N	A
ROSENZWEIG	(Y)	N	A
(2) GARD	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	(Y)	N	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	Y	(N)	A
COGGS	(Y)	(N)	A

AYE 13 NO 3 ABS _____

DEPARTMENT OF NATURAL RESOURCES

Sale of Land by DNR

Motion:

Move to prohibit DNR from entering into a contract to sell or exchange state-owned land valued in excess of \$75,000 without first notifying the Joint Committee on Finance of the proposed transaction. Specify that if the Committee wishes to review the sale or exchange, the Committee must notify DNR within 14 working days of receiving the notice that it has scheduled a meeting to review the proposal. The Department may then make the sale or exchange only with the approval of the Committee. To approve the Committee must determine that the amount or the value of the land received by DNR under the transaction adequately reimburses the state.

Note:

This motion includes the provisions of 2001 AB 689 as modified.

MO# 177

BURKE	Y	N	A
② DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
① HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS

NATURAL RESOURCES

Recycling Program Changes

Motion:

Move to make the following changes to recycling program provisions:

A. Change the municipal and county recycling grant formula beginning with grants awarded for calendar year 2004 (paid in 2003-04) and in subsequent years as follows:

1. Direct DNR to distribute the grants on a per capita basis to all responsible units of local government that operate effective recycling programs.

2. Limit the grants in 2004 and subsequent years to the eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year. For example, a grant made for calendar year 2004 could not exceed eligible costs incurred in calendar year 2002 and reported to DNR in 2003.

3. Specify that for grant year 2004 only, a responsible unit that received a grant in 2003 would be eligible for an award equal to a minimum of 80% of the 2003 award. This provision would not apply to responsible units that did not receive an award in 2003.

4. Provide that in 2004 and in subsequent years, any county that is the responsible unit for at least 75% of the county's population would receive a grant equal to the greater of \$100,000 or the per capita grant amount, but no more than eligible costs incurred by the responsible unit two years earlier and reported to DNR in the previous year.

B. Make the following changes related to recycling enforcement:

1. Prohibit any solid waste facility from accepting solid waste from a building containing five or more dwelling units, or a commercial, retail, industrial or governmental facility that does not provide for the collection of recyclable materials that are subject to the 1995 landfill and incineration disposal bans and that are separated from solid waste by users or occupants of the building or facility. Authorize DNR to create an exception to this prohibition on a case-by-case basis where necessary to protect public health. In addition, specify that the provision would not apply to a person operating a solid waste disposal facility or a solid waste treatment facility if the person has implemented a program to minimize the acceptance of recyclable materials at the facility. DNR would be directed to promulgate administrative rules to establish minimum standards for a program to minimize the acceptance of recyclable materials at a solid waste disposal

facility or a solid waste treatment facility. Require that persons who violate the prohibition pay a forfeiture of \$50 for the first violation, \$200 for the second violation and \$2,000 for the third or subsequent violation. Authorize DNR to issue a citation to collect the forfeiture for the violation of the prohibition. (This would be the same as the penalties for violation of the current prohibition.)

2. Prohibit any solid waste facility that provides a collection and transportation service from transporting solid waste for delivery to a solid waste disposal facility or a solid waste treatment facility that converts solid waste into fuel or that burns solid waste with or without energy recovery if the solid waste contains more than incidental amounts of materials subject to the 1995 landfill bans, as provided by DNR rule. The provision would not apply for activities currently exempt from the landfill and incineration bans. The prohibition would be subject to the same enforcement and penalties as for violations of current prohibitions and the new prohibition described above.

3. Revise the exception to the 1995 landfill and incineration bans to apply the exception to waste that contains no more than an incidental amount of the banned recyclables, as established by DNR rule, instead of to any waste that is generated in a region that has an effective recycling program under current law. Direct DNR to promulgate administrative rules to implement the provision. Retain the current exemption to the exception for solid waste that is separated for recycling as part of an effective recycling program.

C. Provide 1.0 recycling fund SEG program and planning analyst position to DNR (no funding would be provided). *In motion 131*

D. Create an appropriation in DNR and direct DNR to provide \$20,000 recycling fund SEG in 2002-03 on a one-time basis to the Wheelchair Recycling Project of the Madison Chapter of the National Spinal Cord Injury Association, to provide recycled wheelchairs and other medical equipment to individuals and programs in need and for costs of equipment, parts, maintenance, and distribution.

Note:

Under the municipal and county recycling grant program, responsible units receive the same percent of the total appropriation as they received or would have received in 1999. Responsible units are limited to a grant amount that does not exceed eligible expenses during the calendar year for which an application is submitted for assistance under the program.

A recycling project position that expired on October 14, 2001, had been located in the waste management program but had been on loan to the communication and education program in recent years. The motion would restore this position as permanent, to staff the Council on Recycling,

provide information and assistance to citizens on waste reduction and recycling issues, serve on the Department's recycling team, and assist in the development of program policy, guidance, technical assistance initiatives and general delivery of services related to recycling.

Currently, there is one recycling fund position in the communication and education program that coordinates waste reduction and recycling communication and education activities, develops and distributes publications related to recycling programs and law changes, provides outreach to youth, students, citizens and businesses, researches and reports on the progress of the recycling program, assists the Department's recycling team in the development of program policy, guidance, technical assistance initiatives and general delivery of services related to recycling. The motion would increase the staff for DNR's recycling communication and education activities from one position to the two positions that performed the activities before the project position expired.

Under 1999 Act 9, DNR was required to provide the Wheelchair Recycling Project with grants from the waste reduction and recycling demonstration grant program totaling \$175,000 recycling fund SEG in 1999-00 and \$150,000 SEG in 2000-01. Under 2001 Act 16, the Department of Health and Family Services is required to provide the Wheelchair Recycling Project with \$20,000 GPR in 2001-02 on a one-time basis.

[Change to Bill: \$20,000 recycling fund SEG and 1.0 SEG position]

MO#	147			
	BURKE	Y	N	A
①	DECKER	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	ROSENZWEIG	Y	N	A
	GARD	Y	N	A
	KAUFERT	Y	N	A
	ALBERS	Y	N	A
②	DUFF	Y	N	A
	WARD	Y	N	A
	HUEBSCH	Y	N	A
	HUBER	Y	N	A
	COGGS	Y	N	A

*Delete item C - already taken
care of in motion 131*

AYE 13 NO 3 ABS _____

DEPARTMENT OF NATURAL RESOURCES

Sandhill Crane Crop Damage Study

Motion:

Move to provide \$10,000 PR in 2001-02 and \$30,000 PR in 2002-03 from tribal gaming revenues for the study of the prevention of Sandhill crane crop damage.

Note:

The motion would restore funds provided under the biennial budget bill as passed by the Legislature, but subsequently item vetoed by the Governor in 2001 Act 16.

The unallocated balance of tribal gaming revenue is currently \$953,300.

[Change to Bill: \$40,000 PR]

MO# 117

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
② SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
① ROSENZWEIG	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 14 NO 2 ABS _____

NATURAL RESOURCES AND COMMERCE

Use of Fire Dues Grant as a Match for the Forest Fire Protection Grant Program

Motion:

Move to specify that local governments may meet the local match requirement for the DNR forest fire protection grant program through the allocation of their 2% fire dues grant payment received from Commerce. Provide an effective date of July 1, 2002, and a repeal date of June 30, 2004.

Note:

The forest fire protection grant program was created under 1997 Act 27, and provides a total of \$775,000 annually (\$448,000 in forestry SEG and \$327,000 FED) to cities, villages, towns, counties, and fire suppression organizations that enter into written agreements to assist DNR in the suppression of forest fires when requested. Grants may be awarded for up to 50% of the cost of purchasing fire resistant clothing and fire suppression supplies, equipment, vehicles, fire prevention materials, and fire suppression training. Currently, under DNR administrative rule, payments received under another federal or state financial assistance program are not eligible for use as matching funds. DNR indicates that since its creation, applications for grants under the program have exceeded available funds. In 2001-02, 236 grant applications were received, requesting a total of \$864,500 in grant funds. DNR awarded 224 grants with the \$775,000 in available funding.

Any insurer doing a fire insurance business in the state must pay, subject to retaliatory and reciprocal insurance tax law provisions, fire department dues equal to 2% of the amount of all Wisconsin based premiums paid to the company during the preceding calendar year for insurance against loss by fire, including insurance on property exempt from taxation. In addition, fire department dues also include 2% of the premiums paid to the state fire fund for the insurance of any public property, other than state property. Revenues received under the fire dues program are currently used for: (a) support of fire-fighter training programs in the Wisconsin Technical College System (WTCS); (b) Department of Commerce administration of local fire prevention programs and fire dues payments; and (c) distribution of a proportionate share of the remaining revenue to each city, village or town maintaining a fire department that complies with state law.

Commerce is responsible for the distribution of fire dues under s. 101.573 and s. 101.575 to cities, villages and towns that maintain fire departments or contract for fire protection if the

municipalities meet specific criteria. Distribution of the funds is based on the equalized valuation of real property improvements on land within the qualifying cities, towns and villages. Fire dues may only be used for the direct provision of: (a) the purchase of fire protection equipment; (b) fire inspection and public education; (c) training of fire fighters and fire inspectors; and (d) whole or partial funding of fire fighters' pension funds or other special funds for the benefit of disabled or retired fire fighters. Fire dues for calendar year 2000 were certified in May, 2001 and paid in July, 2001 from the 2000-01 appropriation. A total of 1,776 municipalities received \$8,964,400 in fire dues payments.

MO# 148

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
ROSENZWEIG	<input checked="" type="radio"/>	N	A

② GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
① ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO ☐ ABS ☐

